

USAWC STRATEGY RESEARCH PROJECT

**U.S. CONVENTIONAL WEAPONS PROLIFERATION
POLICIES ARE INADEQUATE**

by

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ABSTRACT

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This Strategy Research Project (SRP) evaluates U.S. policies regarding the proliferation of conventional weapons throughout the world and makes recommendations for improvement. It briefly focuses on events and political decisions that led to current U.S. policies. It then reviews the current arms market, identifying the conventional weapons buyers and sellers; it analyzes these market influences on U.S. conventional arms proliferation policies and outlines the U.S. process for conventional weapons sales. U.S. policies for conventional weapons sales are detailed. Economics, regional stability, risks to U.S. citizens, and multilateral weapons control initiatives are cited as the most important issues that U.S. policy makers must weigh as they develop policy guidelines. The current U.S. conventional arms proliferation policies are discussed and evaluated against four criteria: national interests, costs, U.S. defense industrial base, and U.S. public support. This analysis focuses on the trends that affect military readiness. The SRP concludes with specific recommendations.

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U.S. CONVENTIONAL WEAPONS PROLIFERATION POLICIES ARE INADEQUATE

Destiny is no matter of chance. It is a matter of choice.

—William Jennings Bryan

This SRP explains why current U.S. conventional weapons proliferation policies are inadequate -- are endangering U.S. national security and our nation's destiny. U.S. conventional weapons policies have veered too far towards supporting U.S. economic interests. They are negatively affecting regional stability and the safety of U.S. servicemen around the world. U.S. conventional weapons proliferation policies must be changed to balance economics with regional stability, but at the same time they must meet U.S. national security interests. The SRP concludes with specific conventional weapons proliferation policy recommendations.

BACKGROUND

As the world continues to transform from the Cold War environment that pitted the U.S. against the Soviet Union to a single hegemonic world led by the U.S., one of the largest security challenges is limiting violence. Curbing the spread of conventional weapons is considered an important part of this effort, where the classic goals of arms control—to reduce the risks of war, to reduce the costs of preparing for war, and to reduce the damage should a war occur—remain relevant. Today's wars are being fought almost exclusively with imported conventional weapons. Non-state actors are readily able to acquire large stocks of a wide variety of arms. While conventional weapons do not cause conflict, they enable on-going combat to continue and can also make conflict more deadly to both combatants and civilians. As we are seeing in Iraq today, the continued presence of conventional weapons after large-scale combat ends seriously inhibits relief and recovery efforts.¹

EVENTS THAT DROVE CONVENTIONAL WEAPONS PROLIFERATION

For almost fifty years, beginning shortly after World War II and continuing through the Reagan administration, Cold War with the Soviet Union preoccupied U.S. foreign policymakers. Specifically, U.S. defense policy focused on blocking the Soviet Union's military and security threat to America and its allies' interests. This concern dominated U.S. foreign policy and most international problems were weighed in light of possible Soviet action or reaction.²

To a large extent, the manner in which the U.S. dealt with the international community was driven by its strategy of "containment". The ultimate objective of that strategy was to build an international order made up of independent allied nations able to withstand Soviet pressure.

To attain that goal, the U.S. implemented the practice of transferring conventional weapons to U.S. allies, thereby providing them with a credible defense against Soviet expansion.³

Extensive efforts to provide allies with the means to resist Soviet aggression continued until the Carter administration. President Carter sought to downgrade the role of military force by pledging in 1977 that weapons transfers would be viewed only as an exceptional foreign policy instrument. He attempted to negotiate with the Soviets to de-emphasize use of military force. However, President Carter's attempts were largely unsuccessful and the Soviets showed little positive response to this U.S. policy shift. Even if the Soviets had embraced the new U.S. policy, it is doubtful that a U.S.-Soviet agreement on conventional weapons proliferation would have succeeded because other conventional weapons suppliers would have met the world demand.⁴

Of all presidents following the Cold War era, President Reagan exhibited the least interest in U.S. weapons proliferation policy. The Reagan administration believed the Soviets used arms control as a way to lull the West while they sought military superiority and expanded global influence. Therefore, President Reagan assigned arms control a low priority and concentrated on increasing U.S. military resources as a means of countering the Soviet threat.⁵

THE CONVENTIONAL ARMS MARKET AFTER THE REAGAN ADMINISTRATION

Since the end of President Reagan's administration, the global conventional weapons trade has undergone a number of significant changes. After reaching an all time-high in the mid-1980s, the international weapons market has declined. The quantitative decline of the conventional weapons trade was influenced by political events, economic pressures, the changing international security situation, technological disarmament, and restructuring of many of the world's armed forces.⁶

Until the end of the Cold War, the Soviet Union was the world's largest seller of conventional weapons. However, by 1993, Russian conventional weapons sales agreements with the third world totaled \$1.8 billion, substantially less than the record high of \$27 billion in 1987. The disappearance of the military assistance that underwrote much of the former Soviet Union's weapons transfers explains why these exports sharply declined. The other key reason was loss of the huge Warsaw Pact conventional weapons market.⁷

The U.S. emerged from the Cold War as the world's largest conventional weapons seller accounting for approximately half of the world's sales since 1990.⁸ In 2002, U.S. weapons sales agreements were worth \$13.3 billion, a rise from \$12.1 billion in 2001. Of that, \$8.6 billion came from sales to developing nations.⁹ Total 2002 U.S. Gross Domestic Product (GDP), total output

of goods and services, was over \$10 trillion. U.S. weapons sales agreements represented less than a tenth of one percent of the U.S. GDP that year.¹⁰ The other top five conventional weapons sellers in 2002 were Russia in second place with \$5.7 billion or 28 percent of all agreements, France was third with \$1.1 billion or 5.3 percent of all agreements, the United Kingdom and China rounded out the top five conventional weapons sellers with 4 percent and 1.7 percent of the world's conventional weapons sales agreements.¹¹

	1995	1996	1997	1998	1999	2000	2001	2002	TOTAL
U.S.	10.4	12.7	8.4	10.8	13.4	19.1	12.1	13.3	100.3
Russia	8.7	5.8	3.9	2.7	5.1	8.8	5.7	5.7	46.5
France	3.3	3.0	5.5	3.5	1.8	4.3	4.0	1.1	26.4
United Kingdom	1.0	5.8	1.2	2.3	1.6	.7	.4	.8	13.6
China	.2	1.1	1.5	1.1	3.3	.6	.8	.3	8.9

**TABLE 1. ARMS TRANSFER AGREEMENTS WITH THE WORLD, BY SUPPLIER, 1995-2002
(IN BILLIONS OF CONSTANT 2002 U.S. DOLLARS)**

China was the leading world's arms purchaser from 1995-2002, entering into conventional weapons transfer agreements totaling \$17.8 billion, which was 11.4 percent of the world market. This investment reflects the military modernization effort by China in the 1990s. The United Arab Emirates (U.A.E.) ranked second during those years, with \$9 billion in conventional weapons transfer agreements -- 10.7 percent of the market. Rounding out the top five conventional weapons buyers during that 1995-2002 timeframe were India, Egypt, and Saudi Arabia.¹²

RANK	RECIPIENT	AGREEMENTS VALUE
1	CHINA	17.8
2	U.A.E.	16.3
3	INDIA	14.1
4	EGYPT	12.9
5	SAUDI ARABIA	10.7

**TABLE 2. ARMS TRANSFER AGREEMENTS OF DEVELOPING NATIONS, 1995-2002:
AGREEMENTS BY LEADING RECIPIENTS
(IN BILLIONS OF CONSTANT 2002 U.S. DOLLARS)**

The market for conventional weapons between 1995 and 2002 was diverse: Tanks and self-propelled guns were purchased in very large quantities by developing nations. The next

most purchased items included armored personnel carriers, surface-to-air missiles, and artillery. The largest dollar item being transferred in quantity was aircraft, which constituted almost 50 percent of sales.¹³ Statistics indicate record levels of surplus second hand weapons are being traded. By 1990, a combination of factors—such as disarmament treaties and cease-fires—resulted in 165,000 excess major weapons systems worldwide. More than 18,000 of those systems were exported or given away between 1990 and 1995. In 1994, surplus conventional weapons trade exceeded new weapons trade.¹⁴

From 1999 to 2002 conventional weapons sales varied substantially by region. The Near East and Asia comprised over 90 percent of the world's developing nation conventional arms market, and the largest conventional arms market in the developing world was the Near East. During that timeframe, the Near East region accounted for 42.2 percent of all agreements (\$35.9 billion) and Asia accounted for 41.5 percent of all agreements.¹⁵

Due to its oil reserves, the most important region to U.S. national interests is the Middle East. The 1990-1991 Persian Gulf War played a major role in stimulating a multitude of arms transfer agreements with nations in that region with key purchasers like Saudi Arabia, the U.A.E., and other members of the Gulf Cooperation Council, - all seeking a variety of advanced weapons systems. These purchases were not only a response to Iraq's aggression against Kuwait, but a reflection of concerns regarding a perceived threat from Iran. Whether the Gulf States' assessments of the future threat environment in the post-Saddam Hussein era will lead to declines in conventional weapons purchases remains to be seen.¹⁶

U.S. POLICIES FOR CONVENTIONAL WEAPONS SALES

Current conventional weapons proliferation policies are captured in the U.S. National Security Strategy (NSS), the Arms Export Control Act, and Presidential Decision Directive (PDD) 34. Those policies support the transfer of U.S. conventional weapons to our allies.

U.S. NATIONAL SECURITY STRATEGY

While conventional weapons proliferation is not mentioned in the September 2002 U.S. NSS, it is alluded to in Section III, "Strengthen Alliances to Defeat Global Terrorism and Work to Prevent Attacks Against Us and our Friends." The NSS states that we will encourage our regional partners to participate in a coordinated effort that isolates the terrorists. Once the regional campaign localizes the threat, we will help ensure the partner has the military tools to finish the task.¹⁷

ARMS EXPORT CONTROL ACT

Section 38 of the Arms Export Control Act (22 U.S.C. 2778) authorizes the President to control the export and import of defense articles and defense services. The statutory authority of the President to promulgate regulations with respect to exports of defense articles and defense services was delegated to the Secretary of State by Executive Order 11958, as amended (42 FR 4311).¹⁸

The current Bush administration has initiated an on-going presidential review of U.S. conventional weapons transfer policy.¹⁹ Pending completion of this review, current U.S. conventional weapons transfer policy is set forth in PDD 34, which was signed on 17 February 1995.

PDD-34

PDD-34 iterates a summation of the Clinton Administration's decision-making in the weapons transfer arena. PDD-34 possesses two basic themes: first, it supports weapons transfers that meet the security needs of the U.S., its friends, and its allies; second, it calls for the restraint of weapons transfers that may destabilize or threaten regional peace and security.²⁰

PDD-34 states that the U.S. views transfer of conventional weapons as a legitimate instrument of U.S. foreign policy. PDD-34's goals include:

To ensure that our military forces can continue to enjoy technological advantages over potential adversaries; to help allies and friends deter or defend themselves against aggression, while promoting interoperability with U.S. forces when combined operations are required; to promote regional stability in areas critical to U.S. interests while preventing the proliferation of weapons of mass destruction and their missile delivery systems; to promote peaceful conflict resolution and arms control, human rights, democratizations and other U.S. foreign policy objectives, and enhancing the ability of the U.S. defense industrial base to meet U.S. defense requirements and maintain long term technological superiority at lower costs.²¹

U.S. PROCESS FOR CONVENTIONAL WEAPONS SALES

The U.S. exports conventional weapons abroad through five legal means, including Foreign Military Sales (FMS), Direct Commercial Sales (DCS), leases of equipment, transfers of excess defense articles, and emergency draw-down of weaponry. Most conventional weapons deals begin with contact between a foreign government and a U.S. Security Assistance Organization (SAO). SAOs consist of U.S. military personnel located in diplomatic posts and

embassies abroad. They help foreign militaries define their needs, provide them with data on U.S. military equipment, and function as the in-country focal point for U.S. weapons contractors. These offices produce annual military assistance assessments which form the basis for the military aid and conventional weapons sales programs. SAO personnel determine which form of transfer best suits the recipient - sale, joint production of the weapons, lease, or grant transfer. All of the above functions are controlled by the Department of Defense (DoD).²² The State Department provides DoD with oversight by approving U.S. arms for export and administering U.S. foreign aid, including security assistance to foreign militaries.²³

U.S. POLICY CONSIDERATIONS

The most significant consideration that policy makers must weigh when developing U.S. conventional weapons transfer policy is its impact on the U.S. economy, on regional stability, on risk to U.S. citizens, and on multilateral weapons control initiatives.

ECONOMICS

Economic issues dominate U.S. policy regarding weapons transfers. Major weapons systems, such as fighter aircraft and large naval vessels, are generally being produced in smaller numbers by a smaller number of firms. This consolidation and downsizing increases the pressure to export U.S. weapons to sustain the defense industry and the associated jobs.²⁴ The impact of the weapons trade is apparent in local and regional U.S. economies that are heavily involved in defense industries. A 1996 RAND National Defense Research Institute report estimated that sales of weapons accounted for approximately 300,000 jobs in the U.S.²⁵

Presidential candidate Bill Clinton called for negotiated limits on conventional weapons transfers. However, after spending two years reviewing the U.S. weapons export policy, President Clinton issued PDD-34, which surpassed his predecessor's strong commitment to maintaining U.S. dominance of the global weapons transfer market. With the economic well-being of the U.S. weapons industry as the dominant consideration, PDD-34 paved the way for sales of more sophisticated weaponry to a larger number of countries than ever before.²⁶ Like the Clinton administration, the current Bush administration's weapons export policy discussions are dominated by concerns for U.S. jobs and protection of the U.S. defense industrial base. The economic impact of weapons transfers on the U.S. economy is diverse. U.S. weapons sales agreements have averaged approximately \$13 billion in recent years.²⁷ Additionally, weapons transfers enhance U.S. leadership in specific industries.²⁸ John W. Douglas, president of the Aerospace Industries Association, reported that defense exports made up 17 percent of the industry's total overseas sales in the second quarter of 1998.²⁹ Defense exports clearly

enable the U.S. to maintain a leading role in the aerospace industry. The \$50 billion aerospace exports in 1997 reduced the U.S. trade deficit that year by 18 percent.³⁰ These economic factors have weighed heavily on U.S. policy makers, particularly when viewed in the context of a small domestic conventional weapons manufacturing segment.

REGIONAL STABILITY

While economics is the dominant issue affecting U.S. policy on conventional weapons transfers, maintaining regional stability is a close second. Although the U.S. policy states that weapons transfers promote regional stability,³¹ they do not.³² Empirical data indicates that conventional weapons exports negatively affect regional stability by altering the balance of power. The world has witnessed over 130 wars since World War II, most of which could not have been fought without imported conventional weapons. Non-state actors are readily able to acquire large stocks of a disturbingly wide variety of weapons, a matter of great concern in the aftermath of 11 September 2001.³³ Exporting weapons that can destabilize countries and end up in the hands of an adversary jeopardizes the lives of U.S. citizens. Thus, these exports pose real threats rather than benefits to U.S. interests around the world.

Just as disconcerting as the U.S. conventional weapons policy's effect on global strife is its negative impact on regional balances of power. According to PDD-34, the U.S. believes weapons exports promote regional stability by creating balances of power and building up the deterrent capabilities of U.S. friends and allies. These regional balances, at best, are rather dubious because the U.S. is arming both sides in many cases - for example, in Greece and Turkey or in Egypt and Israel.³⁴ Nonetheless, the current Bush administration continues to use weapons exports to sustain a global anti-terrorism coalition.³⁵

The President's conventional weapons transfer policy requires the careful, case-by-case evaluation of each request for weapons in terms of its contributions to foreign policy and national security. The Arms Control and Disarmament Agency (ACDA) exercises statutory authority for evaluating the proliferation implications of weapons transfer proposals. ACDA is supposed to consider the effects of commercial weapons exports on regional stability and a potential weapons race prior to recommending approval.³⁶ Too often, ADCA fails in its responsibilities. Weapons purchases can cause anxiety and competition among neighboring countries. There is indeed a competitive effect of weapons purchases, especially among nations with a long-standing traditional rivalry like Turkey and Greece: One nation seeks to offset the other nation's weapons capabilities. The U.S. sells conventional weapons in large quantities to both nations.

ADCA needs to refocus its efforts towards non-proliferation and promotion of regional stability. Further, it needs to promote restraint of global weapons transfer in accordance with PDD-34's stated goal of promoting regional stability. The best way to accomplish this is through multilateral forums like the Gulf Coalition Council, where discussions concentrate on resolving regional security concerns and issues.³⁷

RISKS TO U.S. CITIZENS

The risks inherent in current U.S. conventional weapons proliferation policy that favors economics over regional stability are clear. The policy puts U.S. citizens at risk. Many times a country that received U.S. conventional weapons has turned from friend to foe. For example, the Shah of Iran was viewed by the U.S. as a stabilizing force in the Middle East and was accordingly provided with a great deal of U.S. conventional weapons and technology over several decades until his overthrow in the late 1970s. USCENTCOM now considers Iran to be potentially the most dangerous long-term threat to peace and stability in the region.³⁸ Given the high degree of geopolitical flux, ascertaining a government's stability and the steadfastness of its alliances is often mere speculation. U.S. forces have deployed several times in recent years to combat former U.S. allies or recipients of U.S. weapons and military training in Bosnia, Panama, Iraq, Somalia, and Haiti.³⁹

MULTILATERAL WEAPONS CONTROL INITIATIVES

Beyond PDD-34, U.S. conventional weapons transfer policy observes the Wassenaar Arrangement on export controls for conventional weapons and dual-use goods and technologies. Thirty-three countries, including the largest weapons producers in the world, signed the Arrangement in 1996. The Arrangement seeks to contribute to regional and international security and stability by promoting transparency and more responsibility in transfers of conventional weapons and dual-use goods and technologies to prevent destabilizing accumulations of those items. The Wassenaar Arrangement establishes lists of items over which member countries must apply export controls. Arrangement members implement those controls to ensure that transfers of controlled items do not negatively affect international and regional peace.⁴⁰

POLICY EVALUATION

The inadequacy of current U.S. conventional weapons transfer policies is endangering our national security. U.S. policy has been overly influenced by economics, resulting in negative impacts on regional stability and placing U.S. citizens in danger. U.S. policy must

strike a better balance between economics and regional stability in order to protect national security interests.

NATIONAL INTERESTS

The current Bush administration has taken far too long to complete its review of conventional weapons transfer policy and has yet to revise PDD 34.⁴¹ The result is a defacto endorsement of the Clinton administration's conventional weapons policy, which contains a strong commitment to gaining a larger slice of the global weapons market, while placing U.S. national interests at risk.⁴²

During the Cold War, using arms transfers as a way to bolster key regional allies made sense. In a post-Cold War era, the exchange of arms for military influence is much more uncertain. With governments, political movements, and even national borders up for grabs in many parts of the world, using arms to prop up an ally or redress an imbalance of power in a particular region is not viable. Arms supplied to one side of a conflict today could easily end up in the hands of another faction a few years down the road.⁴³

COSTS

Current U.S. conventional weapons transfer policy encourages conventional weapons sales in order to produce employment and keep U.S. military procurement costs down. However, that policy fails to consider second- and third-order effects of proliferating conventional weapons on the world market. For example, 15 of the world's 20 poorest countries were involved in a major conflict between 1992 and 1997. None of these conflicts would have been possible without the availability of conventional weapons. In a number of cases, these conflicts led to a complete breakdown of the state and then to increasing U.S. involvement.⁴⁴ Liberia and Somalia are both good examples.

The costs associated with Peace Keeping Operations (PKO) are another indirect consequence of the U.S. conventional weapons proliferation policy. In a May 1995 speech, U.N. Secretary General Boutros Boutros-Ghali noted that in 1988 the U.N. was engaged in five PKOs with an annual cost of \$230 million. In 1995 the U.N. was undertaking sixteen PKOs at an annual cost of \$3.6 billion, using 61,000 troops.⁴⁵ In a 1996 report to congress, the U.S. General Accounting Office (GAO) estimated the cost of U.S. agencies' support of Peace Operations in Haiti, Former Yugoslavia, Somalia, and Rwanda between 1992 and 1995 at \$6.6 billion.⁴⁶

U.S. DEFENSE INDUSTRIAL BASE

Underlying all of the administration's rationales for continued conventional arms proliferation is the perceived need to keep existing production lines open to maintain a sufficient defense-industrial base. Proponents insist that without a sufficient defense industrial base, U.S. military readiness will be negatively impacted. However, the U.S. has not adequately assessed its industrial capacity required to meet the current and projected military requirements.⁴⁷ By 1993, defense outlays had been cut by 30 percent—or \$100 billion below the Reagan peak—while weapons procurement budgets had been cut by over 50 percent. At that point, U.S. defense industrial capacity utilization was down to 35 percent, which compares to an efficient level of around 85 percent. *Transforming the Defense Industrial Base: A Roadmap* (February 2003) reaffirmed the need for a systematic evaluation of the U.S. industrial base's capacity that is needed to meet future military warfighting requirements.

To address the issue of restructuring the U.S. defense industrial base, the U.S. should revitalize the National Security Resources Board (NSRB) to oversee the U.S. defense technology and industrial base. The National Security Act of 1947 created the NSRB on the assumption that economic security protects military readiness and security. The NSRB should be charged with developing policies and programs that maintain a defense technology and industrial base that is commensurate with U.S. military readiness requirements. Additionally, the NSRB should monitor and establish policies for technology transfers, foreign military sales, trade treaties, and assessment of the military potential of rival states. Their findings would then match the U.S. industrial capabilities with U.S. military readiness requirements.⁴⁸

U.S. PUBLIC SUPPORT

While U.S. public support of conventional arms transfer policy varies according to organizational and individual perspectives, the bottom line for most of the U.S. public: "Is it good for the U.S. economy?" The current Bush administration's policy, which is by default a carry over from the Clinton administration, allows for a liberal transfer of weapons. This provides jobs for U.S. workers and profits for conventional weapons manufacturers. For example, the country's weapons manufacturers welcomed the administration's policy with open arms. Joel Johnson, one of the arms industry's principal lobbyists, called the policy "the most positive statement on defense trade that has been enunciated by any administration."⁴⁹

RECOMMENDATIONS

This SRP finds that current conventional weapons proliferation policies are inadequate and that they are endangering our national security. The U.S. conventional weapons policy

must be changed to better serve national security interests. Current policy is dominated by economic concerns; it neglects the issue of regional stability and endangers U.S. citizens around the world.

The current administration has taken far too long to address this issue. Three years after taking office, it has established no clear policy as a protracted presidential review of U.S. conventional weapons transfer policy continues.⁵⁰ The result is a defacto endorsement of Clinton's PDD-34, which makes a strong commitment to gaining a larger slice of the global weapons market. It has marginalized the connection between the spread of conventional weapons and the regional instability that has become a primary concern in our post-Cold War strategy.

While at the U.S. Army War College, Art Lykke created a respected model for developing strategy. Lykke's model states that strategy = ends + ways + means with the ends being "objectives," the ways are "concepts" for accomplishing the objectives, and the means are "resources" for supporting the concepts.⁵¹ The Lykke model provides an excellent vehicle for addressing the U.S. post-Cold War strategy shortfall with regard to conventional weapons proliferation policy.

Ends: The current Bush administration must clearly elucidate a conventional weapons proliferation policy that strikes a balance between foreign policy imperatives and economic realities. As this analysis clearly reveals, conflict prevention and threat reduction that enhance regional stability should be the primary considerations of the U.S. weapons transfer policies – not domestic economics.

Ways: The U.S. government should take the lead in reinvigorating multilateral initiatives for the control of international weapons. Given the overwhelming U.S. dominance of the weapons market and its global political influence, U.S. leadership is vital to the success of any weapons export control initiatives. The U.S. government needs to dedicate a greater share of resources to promote international consensus and control mechanisms to limit selected conventional weapons and technologies. Control of conventional weapons and technology transfers must become a significantly more important element of U.S. policy if the overall goals of nonproliferation are to succeed.

The Wassenaar Arrangement on export controls for conventional weapons and dual-use goods and technologies offers a positive initiative in this area, but it lacks an enforcement mechanism. Thirty-three countries, including the largest weapons producers in the world, signed the agreement in 1996. Its goal is to promote regional and international security by preventing the sale of weapons to countries that might use them to negatively affect

international and regional peace. The U.S. should expand the Wassenaar Arrangement by incorporating punitive measures into the Arrangement's charter. Adding "teeth" to the Arrangement would improve compliance and regional stability.

Means: The U.S. interagency process on conventional weapons proliferation policy should focus on improving regional stability. While the President's conventional weapons transfer policy requires the careful, case-by-case evaluation of each request for weapons in terms of its contributions to foreign policy and national security, such in-depth reviews do not appear to be effective. ADCA is currently responsible for assessing nonproliferation in the interagency process for conventional weapons sales. ADCA exercises statutory authority for evaluating the nonproliferation implications of weapons transfer proposals; likewise, this agency is supposed to consider regional stability. But, as indicated earlier, the ADCA is not meeting its statutory responsibilities. ADCA needs to be reinvented; the U.S. needs a more independent agency that plays a more prominent nonproliferation role in weapons export decisions.

One of the current conventional weapons policy goals is to enhance the ability of the U.S. industrial base to meet U.S. defense requirements and maintain technological superiority at lower costs. However, the U.S. has not assessed - much less met - the post-Cold War challenge of restructuring its defense industry to match capacity with requirements. To address the issue, U.S. policy should revitalize the NSRB to oversee the U.S. defense technology and industrial base. The National Security Act of 1947 created the NSRB on the assumption that economic security protects military readiness and security. The NSRB should be charged with developing policies and programs that maintain a defense technology and industrial base that is commensurate with U.S. military readiness requirements. In conjunction with ADCA, the NSRB should establish and monitor policies for technology transfers, foreign military sales, trade treaties, and assessment of potential war-making between rival states. NSRB's findings would match the U.S. industrial bases' capabilities with U.S. military readiness requirements while promoting regional stability around the world.

Risks: The risks associated with implementing the recommendations listed above are negligible. Overall, these recommendations would lead to a reduction in the amount of conventional weapons that are exported by the U.S. and would impact the economy. And, with the total amount of money other countries spent on U.S. conventional weapons in 2002 accounting for less than one tenth of one percent of the U.S. GDP - it would be a minor economic impact at most.

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ENDNOTES

¹ Jeffrey A. Larsen, *Arms Control, Cooperative Security in a Changing Environment* (Boulder, Colorado: Lynne Rienner, 2002), 163.

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